

PUBLIC DISCLOSURE

OCTOBER 29, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

ASIAN AMERICAN BANK & TRUST COMPANY

68 HARRISON AVENUE
BOSTON, MA 02111

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Asian American Bank and Trust prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "High Satisfactory"

The loan-to-deposit ratio has averaged 60.5 percent for the period December 31, 2000, to September 30, 2002, which is reasonable given the banks' size and financial condition. The ratio has decreased from an average of 60.8 percent at the last examination dated July 20, 1998. The ratio has been on a decreasing trend since June 30, 2001. Based on the above performance, this criterion meets the standards for satisfactory performance.

Based on the 1999, 2000, 2001 and year to date October 31, 2002 Home Mortgage Disclosure Act (HMDA) data, approximately 77.6 percent of the bank's loans were inside the assessment area. In addition, 75.6 percent of the bank's small business loans were made inside the bank's assessment area. Given these figures, the bank meets the standards for satisfactory performance.

The distribution of loans to borrowers of different income levels represents a very good penetration among the various income levels in the assessment area. When compared to all other lenders in the assessment area, the bank's performance in lending to low and moderate-income borrowers by number exceeds all other HMDA reportable lenders in 2001. In addition, a majority of the bank's small business loans were to small businesses with revenues under \$1 million and loan amounts of less than \$250,000.

The bank's performance in lending in low and moderate-income geographies was considered excellent considering the current market conditions. The bank's performance exceeded the percentage of owner-occupied properties located in low and moderate-income census tracts. The bank's small business lending in these geographies was also considered good with 53.0 percent of the loans being originated in these geographies.

The bank's qualified community development loans and investments were also considered in the overall rating of the bank at the request of bank management. These activities enhanced the bank's overall rating.

PERFORMANCE CONTEXT

Description of Institution

Asian American Bank and Trust Company ("AAB&T") was organized and began operations on August 11, 1993, as a Massachusetts-chartered commercial bank. The bank's mission is to consolidate the financial resources of Asian Americans; to provide banking services to the growing Asian American and new immigrant populations and their friends in New England; and to utilize the knowledge and connections of the bank's Board, management and staff to facilitate trade between New England and Asia.

The bank's main office is located at 68 Harrison Avenue, in the Chinatown neighborhood of Boston, Massachusetts. The bank also operates a full service retail branch located in the same building at 70 Harrison Avenue. Both the corporate office and the branch located on Harrison Avenue were remodeled in 2001 to provide increased service to the bank's customer base. In addition, the bank operates another retail office located at 230 Harvard Avenue in Allston. In September 2002, the bank closed its retail office at 15 Bow Street in Somerville. The bank maintains a website at www.asianamericanbank.com. The website allows users to access their accounts as well as find out about branch locations and services the bank offers.

As of September 30, 2002, assets totaled \$108,116,000 of which 43.2 percent are in the form of gross loans. Total assets have grown significantly since the last examination when the bank's assets totaled \$52,550,000. This represents a 105.7 percent increase. This is due to a strong flow of deposits from a good customer base. The bank offers a variety of deposit accounts, residential mortgage loans, commercial loans, consumer loans, credit cards, car loans and international banking services.

Refer to the following table for additional information on the breakdown of loans.

Loan Portfolio Composition

Loan Type	Amount (000s)	Percent
Commercial Real Estate	\$18,347	39.2
One to Four-Family Residential Mortgages	\$15,240	32.5
Multifamily	\$7,558	16.1
Commercial and Industrial	\$3,709	7.9
Equity Lines of Credit	\$796	1.7
Consumer Loans	\$742	1.6
Construction and Land Development	\$394	0.8
Other loans	\$75	0.2
Less Unearned Income	(\$173)	-
Total Gross Loans	\$46,688	100.0

Source: September 30, 2002 Consolidated Report of Condition.

Asian American Bank is primarily a portfolio lender, though it does sell loans on the secondary market. In 1999, the bank sold 3 loans totaling \$270,050. No loans have been sold over the past three years.

Asian American Bank has strong competition from several financial institutions within its large assessment area. These financial institutions include but are not limited to the following: Century Bank; Citizens Bank; Eastern Bank, Middlesex Savings Bank, Wainwright Bank, as well as representatives of regional and national banking and mortgage companies. The market influence from these institutions appears to be significant, and as a result, serves to keep the bank's rates and services offered competitive.

Market share information obtained from PCI Services, Inc. CRA WIZ, based on 2001 aggregate performance data, indicates 715 mortgage companies, savings banks, commercial banks, co-operative banks and credit unions have either originated or purchased residential mortgage loans within the bank's assessment area.

There are no significant financial or legal impediments that limit the bank's ability to help meet the credit needs of the community. The bank's most recent Community Reinvestment Act (CRA) evaluation, performed concurrently by Massachusetts Division of Banks and the Federal Deposit Insurance Corporation (FDIC) as of July 20, 1998, assigned a rating of "Satisfactory".

Description of Assessment Area

Since the bank caters to the commuting Asian population throughout Massachusetts, it has designated its assessment area to be the entire Boston, MA-NH Metropolitan Statistical Area (MSA), which contains 127 cities and towns extending from Southern New Hampshire down to Southeastern Massachusetts.

According to 1990 US Census Data, these communities have a combined population of 3,220,340 and a total of 1,301,929 housing units. Housing stock within the assessment area is primarily one-to-four family residential dwellings (74.1%), of which a majority (53.0%) is owner-occupied. There are 1,215,698 households in the assessment area. A household is defined as all persons occupying a housing unit.

Census tracts are defined as either low, moderate, middle or upper-income based on median Family Household Income (FHI) within the census tract. The assessment area consists of 710 census tracts: 48 (6.8%) low-income, 163 (23.0%) moderate-income, 319 (44.9%) middle-income, 162 (22.8%) upper-income and 18 (2.5%) designated as N/A. The 48 low-income census tracts are located in the cities of Boston (38), Cambridge (1), Chelsea (2), Lynn (4), Salem (1), Quincy (1), and the Town of Bellingham (1). The eighteen census tracts designated as N/A and located in Bellingham, Blackstone (5), Boston (5), Chelsea, Danvers, Gloucester, Marlborough, Marshfield, Taunton and Wrentham were not used to evaluate the bank's performance in this category due to the extremely limited lending potential.

The median home value of the assessment area is \$195,327 based on 1990 US Census Data. A more recent figure was obtained using figures from the November 4, 2002 Bankers & Tradesman publication using sales statistics through June 30, 2002. According to this publication, the median selling price for a home in the assessment area was \$362,043. Prices in the assessment area ranged from a low of \$168,000 in the Town of Wareham to a high of \$912,500 in the Town of Weston.

Please refer to the table below regarding other housing characteristics.

Selected Housing Characteristics by Income Category of the Geography						
Geographic Income Category	Percentage					
	Census Tracts	House holds	Housing Units	Owner- Occupied	Rental Units	Vacant Units
Low	6.8	4.0	4.2	0.9	8.3	7.7
Moderate	23.0	20.7	21.3	12.5	31.7	28.9
Middle	44.9	51.7	51.4	55.4	46.4	47.6
Upper	22.8	23.6	23.1	31.2	13.6	15.8
NA	2.5	-	-	-	-	-
Total or Median	100.0	100.0	100.0	100.0	100.0	100.0

Source: 1990 U.S. Census

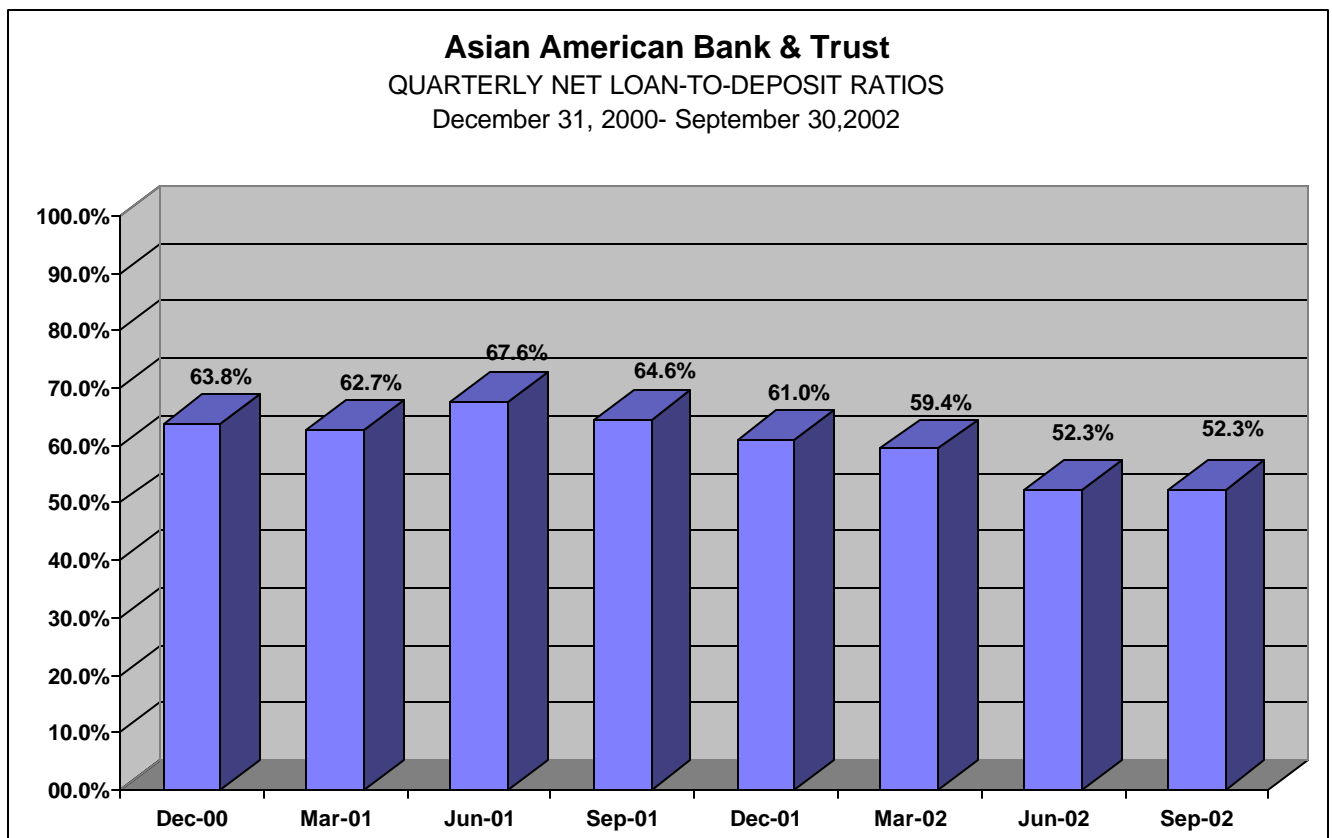
The median family incomes for the Boston MSA for 1999, 2000, 2001 and 2002 are \$62,700 \$65,500, \$70,000 and \$74,200, respectively. The income figures are based on estimated Department of Housing and Urban Development (HUD) information. Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The unemployment rate is currently 4.9 percent as of September 30, 2002 for the Boston MSA. The city of Berlin had the highest unemployment rate in the assessment area at 7.8 percent while the town of Essex was the lowest at 2.9 percent. The rate has increased since the beginning of the year.

PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

An analysis of Asian American Bank and Trust Company's net loan-to-deposit ratio was performed during the examination. The analysis utilized the last eight quarters of the Federal Deposit Insurance Corporation (FDIC) Call Report data for this institution. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits. The bank's net loans to total deposits as reported to the FDIC were reviewed for the quarters beginning December 31, 2000, through September 30, 2002. The bank's average net loan to deposit ratio for this time period was determined to be 60.5 percent. The net loan-to-deposit ratio has decreased from a high of 67.6 percent on June 30, 2001, to a low of 52.3 percent on September 30, 2002. The asset size of the institution has increased from \$88 million as of December 31, 2000, to \$108 million as of September 30, 2002, which represents a 22.3 percent increase. Deposit growth has outpaced loan growth, during this time, as net loans increased approximately 1.9 percent, and deposits increased approximately 24.4 percent. The following graph depicts the net loan-to-deposit ratio for each quarter under review.



The decline in the bank's loan-to-deposit ratio is attributed to the bank not offering a fixed rate product to compete with other lending institutions. The low interest rate environment beginning in the third quarter of 2001 and lasting through the third quarter of 2002 fueled the recent refinancing boom and thus created the demand for a fixed rate product. This has resulted in an outflow of loans for the last four quarters.

AABTC'S net loan to deposit ratio was compared to the ratios of other area institutions. These institutions varied in asset size from \$81 million for Mercantile Bank and Trust Company to \$169 million for Everett Cooperative Bank. The ratios used were as of June 30, 2002. These percentages ranged from a low of 52.3 percent to a high of 96.8 percent. Please refer to the following table for more details.

Refer to the following table for details.

Institution	Net Loan-To-Deposit Ratio
Horizon Bank & Trust Company	96.8%
Everett Cooperative Bank	86.3%
Mercantile Bank & Trust Company	74.7%
Massachusetts Cooperative Bank	70.5%
Asian American Bank & Trust Co.	52.3%

Based on the above information and Asian American Bank and Trust's capacity to lend, the strong competition from other institutions in the assessment area, demographic and economic factors present in the assessment area, and the lending opportunities available in the assessment area, allow for the bank's loan to deposit ratio to meet the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

HMDA Lending

Asian American Bank and Trust's 1999, 2000, 2001 and year-to-date October 31, 2002 HMDA/Loan Application Registers (LARs) were reviewed to determine the amount of credit extended within the bank's assessment area. During this period, the bank originated 143 HMDA-reportable loans totaling approximately \$36,520,000, of which 111 loans, or 77.6 percent of the number, totaling \$26,445,000, or 72.4 percent of the dollar amount were originated in the bank's assessment area.

By number, Boston accounted for the largest number of originations with 27.2 percent, followed by Quincy with 13.6 percent. Boston also accounted for the largest dollar volume of originations with 26.8 percent, followed by Quincy with 9.9 percent. Refer to the following tables for additional information regarding the bank's HMDA-reportable lending, by both number and dollar volume.

Refer to the following table for additional information regarding the bank's HMDA-reportable lending, by both number and dollar amount.

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
1999	33	68.8	4,406	75.8	15	31.2	1,406	24.2
2000	29	85.3	5,745	90.5	5	14.7	601	9.5
2001	24	75.0	7,231	61.2	8	25.0	4,582	38.8
2002	25	86.2	9,063	72.2	4	13.8	3,486	27.8
Total	111	77.6	26,445	72.4	32	22.4	10,075	27.6

Source: HMDA/LAR, CRA Wiz

As indicated in the tables above, the majority of residential loans originated during the examination period were inside the bank's assessment area.

Small Business Lending

A review of the bank's small business loan activity was conducted at management's request. A small business loan is defined as "a loan with an original amount of \$1 million or less that is secured by non-farm nonresidential properties or commercial and industrial loans to US addressees, as defined in the FDIC Call Report Instructions." The bank originated 48 small business loans totaling \$12,898,000 million during this period. A total of 34 loans totaling \$10,795,000 million were originated to businesses within the bank's assessment area, representing 75.6 percent by number and 83.7 percent by dollar volume. Please refer to the following table detailing the distribution of small business loans inside and outside the assessment area.

Distribution of Small Business Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
1999	14	82.4	3,834	85.6	3	17.6	643	14.4
2000	11	68.8	2,785	76.5	5	31.2	857	23.5
2001	6	75.0	3,112	91.1	2	25.0	303	8.9
2002	3	75.0	1,064	78.0	1	25.0	300	22.0
Total	34	75.6	10,795	83.7	11	24.4	2,103	16.3

Source: CRA Data Collection

Based on the above information, it is evident that a good percentage of the number and dollar amount of the bank's residential mortgage loan originations and small business

loans has been extended within its assessment area. Therefore, the institution's level of lending within its assessment area meets the standards for satisfactory performance.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

HMDA Lending

The bank's residential loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes were compared to the median family incomes for the Boston MA Metropolitan Statistical Areas. The income figures are based on estimated Department of Housing and Urban Development (HUD) information.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following table shows, by number, HMDA-reportable loans to low, moderate, middle and upper-income borrowers in comparison to the percentage of households within the assessment area in each respective income group.

Distribution of HMDA Loans by Borrower Income											
Median Family Income Level	% Total House holds	1999		2000		2001		2002		Total	
		#	%	#	%	#	%	#	%	#	%
Low	24.1	6	18.2	3	10.4	2	8.3	2	8.0	13	11.7
Moderate	15.9	8	24.2	13	44.9	4	16.7	6	24.0	31	27.9
Middle	19.5	9	27.3	7	24.1	7	29.2	4	16.0	27	24.3
Upper	40.5	8	24.2	5	17.2	10	41.7	10	40.0	33	29.7
NA	-	2	6.1	1	3.4	1	4.1	3	12.0	7	6.4
Total	100.0	33	100.0	29	100.0	24	100.0	25	100.0	111	100.0

Source: U.S. Census, HMDA LAR

The bank extended 13 loans to low-income borrowers representing 11.7 percent of total loans within the assessment area. These loans represent 7.5 percent, by dollar amount, of the total loans originated within the assessment area during this period. This is well below the 24.1 percent of low-income households within the assessment area. There are mitigating factors present that account for this disparity such as competition, the percentage of people living below the poverty level who cannot afford to purchase a home, as well as the high cost associated with purchasing a home in the area. There are a high percentage of rental properties in the bank's assessment area.

The bank extended 31 loans to moderate-income borrowers, representing 27.9 percent by number. These loans represent 16.8 percent by dollar amount of the bank's total originations and purchases within its assessment area. These percentages are above the 15.9 percent of moderate-income households within the assessment area.

The distribution of the bank's loans among various borrower income levels may also be compared to that of all other HMDA-reportable lenders in the assessment area. Other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent year for this comparison is 2001 and is presented in the following table.

Distribution of HMDA Reportable Loans Asian American Bank & Trust Company Compared to All Other Reporters								
Median Family Income Level	Number of Loans				Dollar Amount of Loans			
	Asian American Bank & Trust Company		All Other Reporters		Asian American Bank & Trust Company		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Low	2	8.3	8,591	3.4	390	5.4	856,133	1.7
Moderate	4	16.7	35,440	14.0	585	8.1	4,777,171	9.2
Middle	7	29.2	58,732	23.3	1,071	14.8	9,786,007	18.9
Upper	10	41.7	105,550	41.8	4,035	55.8	26,109,673	50.4
NA	1	4.1	43,965	17.5	1,150	15.9	10,225,096	19.8
Total	24	100.0	252,278	100.0	7,231	100.0	51,754,080	100.0

Source: HMDA LAR, 2001 HMDA Aggregate Data

The distribution of the bank's residential loans to low-income borrowers in 2001 is above that of all other HMDA-reporters within the assessment area. The bank originated 8.3 percent of its loans to low-income borrowers while the aggregate originated 3.4 percent of its loans to low-income borrowers. By dollar amount, the bank originated 5.4 percent to low-income borrowers versus the aggregate, which originated 1.7 percent.

HMDA-reportable loans for 2001 to moderate-income borrowers accounted for 16.7 percent by number and 8.1 percent by dollar amount within the assessment area. Both number and dollar amount are comparable to that of the aggregate.

Small Business Lending

The small business loans originated within the bank's assessment area were further analyzed to determine the typical loan amount at origination. The majority of the 34 small business loans originated in the bank's assessment area, during this time period, had original loan amounts of \$250,000 or more. The following table depicts the distribution of small business loans within the bank's assessment area by loan amount at origination.

Distribution of Small Business Loans by Loan Size								
Loan Size (000s)	<\$100		\$100-\$250		>\$250-\$1,000		Total	
	#	%	#	%	#	%	#	%
1999	3	21.4	6	42.9	5	35.7	14	100.0
2000	2	18.2	5	45.5	4	36.3	11	100.0
2001	0	0.0	2	33.3	4	66.7	6	100.0
2002	0	0.0	1	33.3	2	66.7	3	100.0
Total	5	14.7	14	41.2	15	44.1	34	100.0

Source: CRA Data Collection

By dollar amount, 3.1 percent of the loans had amounts less than \$100,000 and 21.9 percent had loan amounts between \$100,000 and \$250,000. The remaining 75.0 percent had loan amounts greater than \$250,000.

Small business loans originated within the bank's assessment area, during this period, were also analyzed to determine the distribution among businesses of various sizes. The majority of small business loans originated during this period were granted to small businesses, whose annual revenues were \$1 million or less. This indicates the bank is serving the needs of very small businesses in the assessment area. The following tables depict the distribution of small business loans within the bank's assessment area by revenues of the business.

Distribution of Small Business Loans by Gross Annual Revenues of Business						
Gross Annual Revenues (000s)	<=\$1,000		>\$1,000		Total	
	#	%	#	%	#	%
1999	11	37.9	3	60.0	14	41.2
2000	10	34.5	1	20.0	11	32.4
2001	5	17.2	1	20.0	6	17.6
2002	3	10.4	0	0.0	3	8.8
Total	29	85.3	5	14.7	34	100.0

Source: CRA Data Collection

As shown above, 85.3 percent of the bank's small business loans were made to businesses with gross annual revenues under a million dollars and by dollar amount, 83.8 percent went to those same businesses.

Based on the information above, the bank's lending to borrowers of different income levels, especially those of low and moderate-income, and businesses of various sizes with small business loans, especially the very small business loans reflects very good performance.

4. GEOGRAPHIC DISTRIBUTION

HMDA Lending

HMDA-reportable loans located within the bank's assessment area were further analyzed to determine the location by census tract income level. The assessment area is comprised of 710 census tracts: 18 or 2.5 percent are designated as NA; 48 or 6.8 percent as low-income; 163 or 23.0 percent as moderate-income; 319 or 44.9 percent as middle-income and 162 or 22.8 percent as upper-income.

The following table provides a breakdown, by number, of the bank's HMDA-reportable loans within its assessment area according to census tract income level. The table also shows the number of loans in comparison to the number of owner-occupied housing units in each census tract income category.

Distribution of HMDA Loans by Income Category of the Census Tract											
Census Tract Income Level	% Total Owner-Occupied Housing Units	1999		2000		2001		2002		Total	
		#	%	#	%	#	%	#	%	#	%
Low	0.9	0	0.0	1	3.5	2	8.3	1	4.0	4	3.6
Moderate	12.5	11	33.3	9	31.0	3	12.5	7	28.0	30	27.0
Middle	55.4	15	45.5	16	55.2	15	62.5	9	36.0	55	49.5
Upper	31.2	7	21.2	3	10.3	4	16.7	8	32.0	22	19.9
Total	100.0	33	100.0	29	100.0	24	100.0	25	100.0	111	100.0

Source: U.S. Census, HMDA LAR

The above table shows that the bank made 3.6 percent of its loans in low-income census tracts and 27.0 percent of its loans in moderate-income census tracts. This performance exceeds the 0.9 percent and 12.5 percent of owner-occupied housing units located in the low and moderate-income geographies, respectively.

The geographic distribution of the bank's loans by census tract income category may also be compared to that of all other HMDA-reportable lenders in the assessment area. The most recent data available for this analysis relates to calendar year 2001 and is presented in the following table.

Distribution of HMDA Reportable Loans Asian American Bank & Trust Company Compared to All Other Reporters								
Census Tract Income Level	Number of Loans				Dollar Amount of Loans			
	Asian American Bank & Trust Company		All Other Reporters		Asian American Bank & Trust Company		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Low	2	8.3	3,626	1.4	401	5.5	739,692	1.4
Moderate	3	12.5	34,814	13.8	356	4.9	6,215,313	12.0
Middle	15	62.5	139,145	55.2	3,899	53.9	24,801,632	47.9
Upper	4	16.7	74,670	29.5	2,575	35.7	19,993,679	38.6
N/A	-	-	23	0.1	-	-	3,764	0.1
Total	24	100.0	252,278	100.0	7,231	100.0	51,754,080	100.0

Source: 2001 HMDA Aggregate Data

Asian American Bank & Trust Company originated a higher percentage of loans than the aggregate by number and dollar amount in the low-income census tracts. By number, the bank originated 8.3 percent of its loans in low-income areas while the aggregate originated 1.4 percent in low-income areas. By dollar amount, Asian American Bank & Trust originated 5.5 percent while the aggregate originated 1.4 percent.

The bank originated a substantially lower percentage of loans than the aggregate in moderate-income areas. By number, the bank originated 12.5 percent of its loans in moderate-income areas while the aggregate originated 13.8 percent in moderate-income areas. By dollar amount, Asian American Bank & Trust originated 4.9 percent while the aggregate originated 12.0 percent.

Small Business Lending

The bank's small business loans were analyzed to determine the distribution by census tract income level within its assessment area. The following table depicts this distribution.

Distribution of Small Business Loans by Income Category of the Census Tract										
Census Tract Income Level	1999		2000		2001		2002		Total	
	#	%	#	%	#	%	#	%	#	%
Low	2	14.3	3	27.3	2	33.3	2	66.7	9	26.5
Moderate	3	21.4	4	36.3	2	33.3	0	0.0	9	26.5
Middle	5	35.7	2	18.2	1	16.7	1	33.3	9	26.5
Upper	4	28.6	2	18.2	1	16.7	0	0.0	7	20.5
Total	14	100.0	11	100.0	6	100.0	3	100.0	34	100.0

Source: U.S. Census, HMDA LAR

As shown above, 53.0 percent of the small business loans were made in low and moderate-income geographies.

Based on the analysis of the geographic distribution of HMDA-reportable loans and small business loans, the bank has successfully penetrated census tracts of different incomes and has dispersed loans in a manner consistent with the demographics of the assessment area. The bank also exceeded the aggregate in lending in low-income census tracts. Thus, its performance in this criterion is considered to exceed satisfactory standards.

COMMUNITY DEVELOPMENT LENDING

As defined in the CRA regulation, a community development loan has as its primary purpose: affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, or activities that revitalize or stabilize low and moderate-income geographies. In addition, unless it is for a multifamily dwelling (five or more units), the loan must not be reported as a home mortgage or small business loan.

During the period under review, the bank's community development lending has consisted of multifamily dwellings. In 1999, the bank originated 2 multifamily loans for \$358,000. These loans created 14 housing units in the assessment area. In 2000, the bank originated 1 loan for \$1,155,000. This loan resulted in the creation of 20 housing units. In 2001, the bank originated 1 multifamily loan for \$1,150,000. This loan resulted in the creation of 20 housing units. As of October of 2002, the bank originated 4 loans for \$4,510,000 that resulted in the creation of 158 housing units.

5. FAIR LENDING POLICES AND PRACTICES

A review of the bank's public comment file indicated that the bank received no complaints pertaining to the institution's CRA performance since the previous examination. In addition, a review of the bank's residential loan application files was conducted to evaluate fair lending issues. There were no discriminatory practices evident in the file review.

All employees are provided with training appropriate to their job description and their responsibilities in fair lending issues. This includes information regarding both technical requirements that come into play, as well as the more substantive and subtle issues related to unintentional discrimination and quality of assistance. The bank has provided numerous training sessions on fair lending to its lending staff as well as training on Regulation B. All borrowers who need financial assistance are provided counseling on a one-on-one basis. The bank employs 57 full time employees of whom 46 are minority. There are 30 employees who speak foreign languages including Burmese, Cantonese, Changzhouese, Fuchou, Mandarin, Pakistan, Portuguese, Russian, Shanghainese, Spanish, Szechuan, Taiwanese, Toisanese, and Vietnamese.

The bank's staff volunteers their time to a variety of activities by area organizations in need of their training and expertise. These activities include homebuyer fairs, revitalization projects, and outreach programs targeted to recent immigrants and low and moderate-income individuals. Asian American Bank & Trust markets its services and products to the community through a variety of media including print, radio, billboards and through the Internet. Seminars are also conducted in order to make potential customers aware of the services the bank provides.

Minority Application Flow

Asian American Bank & Trust's assessment area contains 3,220,340 individuals, 440,404 or 13.7 percent of whom are minorities. The assessment area's minority population is 0.1 percent Native American, 3.0 percent Asian, 6.2 percent Black, 4.1 percent Hispanic and 0.3 percent Other.

The bank's minority application flow for this review period was compared with the racial make-up of the assessment area. The bank received 131 residential loan applications from within its assessment area, with 103 applications or 78.6 percent from minorities. Of the 103 applications received, 90 or 87.4 percent resulted in originations. The bank's minority application flow exceeds the racial composition of its assessment area. Refer to the following table for further details.

MINORITY APPLICATION FLOW										
RACE	1999		2000		2001		Y-T-D 2002		TOTAL	
	#	%	#	%	#	%	#	%	#	%
<i>Native American</i>	0	0.0	0	0.0	1	3.6	0	0.0	1	0.8
<i>Asian</i>	33	91.7	29	85.3	22	78.5	16	48.5	100	76.3
<i>Black</i>	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<i>Hispanic</i>	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<i>Joint Race</i>	0	0.0	0	0.0	1	3.6	0	0.0	1	0.8
<i>Other</i>	0	0.0	0	0.0	1	3.6	0	0.0	1	0.8
Total Minority	33	91.7	29	85.3	25	89.3	16	48.5	103	78.6
<i>White</i>	1	2.8	4	11.8	2	7.1	12	36.4	19	14.5
<i>NA</i>	2	5.5	1	2.9	1	3.6	5	15.1	9	6.9
Total	36	100.0	34	100.0	28	100.0	33	100.0	131	100.0

*Source: CRA Wiz Software.

The application flow was further compared to the 2001 aggregate data for all other HMDA reporters within the assessment area. Asian American Bank & Trust's minority application flow when compared to the other lenders within the assessment area exceeds the 2001 aggregate.

MINORITY APPLICATION FLOW*				
Race	Aggregate Data 2001		Asian American Bank & Trust Company 2001	
	#	%	#	%
<i>Native American</i>	871	0.3	1	3.6
<i>Asian</i>	8,531	2.5	22	78.5
<i>Black</i>	9,134	2.7	0	0.0
<i>Hispanic</i>	7,029	2.1	0	0.0
<i>Joint</i>	3,687	1.1	1	3.6
<i>Other</i>	3,548	1.0	1	3.6
Total Minority	32,800	9.7	25	89.3
<i>White</i>	199,036	58.6	2	7.1
<i>NA</i>	107,629	31.7	1	3.6
Total	339,465	100.0	28	100.0

Source: PCI Services, Inc., CRA Wiz Software.

INVESTMENT TEST

At the request of management, examiners were asked to evaluate the institution's level of qualified community development investments. The evaluation of investments defines the bank's record of helping to meet credit needs through qualified investments that benefit the assessment area or a broader statewide or regional area that includes the bank's assessment area. A qualified investment is defined as a lawful investment, deposit, membership share, or grant that has as its primary purpose community development. The bank's qualified investments consist of membership affiliation and charitable contributions.

Community development purposes include 1) providing affordable housing for low- or moderate-income individuals or areas, 2) providing community services targeting low- or moderate-income individuals or areas, 3) promoting economic development by financing small businesses, or 4) revitalizing or stabilizing low- or moderate-income geographies. Investment performance is evaluated based on the level, innovativeness or complexity, and degree of responsiveness to community needs.

Since the prior examination, Asian American Bank has demonstrated an adequate level of investment and grant activity. The sole qualifying Investment was made through a Small Business Investment Company (SBIC). SBIC's are licensed by the U.S. Small Business Administration (SBA) and are privately owned and managed for-profit venture capital firms that make their own investment decisions. They provide both the capital and management expertise that small companies need to create jobs, develop products and services, and grow over time. Management has been an active investor into these funds by providing referrals and submitting business plans for potential investment consideration.

Overall, investments during the review period included advances on prior commitments totaling \$150,000 as well as qualified grants amounting to \$8,500.

Advances on Prior Commitments

Zero Stage Capital VI LP

Advances: \$150,000

In 1998, Asian American Bank made a \$200,000 commitment to this SBIC, which provides financing, including mezzanine financing, for the start up of new businesses primarily in Massachusetts. Industry preference includes biotech, computer hardware and software, and energy. The majority of the portfolio investments are to start up companies within the greater Boston area. This SBIC has funded various products and services including rechargeable batteries, educational toys, mobile satellite communication equipment, and a retailer of vitamins, supplements, and minerals. Asian American Bank has fulfilled its entire obligation by making three capital contributions of \$50,000 each during the time period covered by this examination. Previous advances of \$50,000 were not recognized in the last evaluation. The current book value of the investment is \$131,000.

Qualified Grants

Total qualified grants and contributions for this evaluation period amounted to \$8,500. Annual levels of qualified grants were \$2,000 in 1999, \$600 in 2000, \$700 in 2001 and \$5,200 year-to-date 2002. Included in the contributions are grants to area non-profits supporting efforts to meet the needs of low- and moderate-income families and individuals by providing homebuyer counseling, health care, family counseling, and economic development.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

ASIAN AMERICAN BANK & TRUST COMPANY

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **OCTOBER 29, 2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
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_____	_____

A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 _____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 68 Harrison Avenue, Boston, MA."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction and mailing.

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.